

# The Vitality of Neighborhood Retailers: A New Definition of the “Proximity” Concept<sup>\*</sup>

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This paper identifies the specific elements of the evolution and revolution of the “proximity” concept as it applies to independent retailers, large-scale distribution, and urban areas, and outlines the main causes. The implications of this work propose new trends in the future of neighborhood retailers as well as some hypotheses on the relations among Large-Scale Distribution (LSD), independent retailers, and the theme of the proximity. The main limitation of the paper is its lack of quantitative analysis, as the work is the first part of a large study of the concept of “proximity” (small and independent retailers that work in the neighborhoods of the urban areas), and in this conceptual work the authors underline the elements of the “new proximity” that come from the literature and from managerial praxis. The work considers the crisis as an incentive for retailers (both independent and dependent) to enter into the dimension of the new concept of “viable proximity”, which could bring benefits to territories, large-scale distribution, independent retailers, and consumers.

*Keywords:* neighborhood retailers, proximity concept, retailers, Large-Scale Distribution (LSD), marketing

## Introduction

In all sectors of the economy, innovation generates “processes of change”, both on the demand side and on the supply side in consumption, in economic activities management, and in the search for new markets: Innovation is the basis of a competitive economy (Porter & Ketels, 2003) and the success of businesses depends critically on their ability to systematically generate a process of innovation (Ernst, 2002), for which it becomes necessary to measure the effectiveness of innovation actions (Kim & Oh, 2002).

Analyzing the elements of change that are generated by macroeconomic and microeconomic events, it is possible to observe “gaps” in all sectors of the economy; in this paper, it is intended to examine the changes in neighborhood stores, interpreting the different research approaches, and matching the elements of the transformations of the companies involved with changes in consumption, the search for new market opportunities, and the managerial growth of complex commercial enterprises.

Companies operating in the system of modern commercial distribution react in different ways to changes in management and consumption, involving all levels of the commercial exchange system. In this paper, we

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analyze the phenomenon from the side of the proximity trading system with specific reference to retail in central urban areas, which, between the end of the 1980s and the beginning of the 2000s, has on a global scale been subjected to the phenomenon of intense development of sales formats and concepts in urban areas but outside the city centers, large in size and with wide ranges of goods, but with reduced differentiation, emphasizing the image of the convenience format and the determining factors for the standardization of American commercial formulas, but inconsistent with the dynamics of buying and the consumption of the internal market—as evidenced by the inexorable decline of large stores in Italy.

The concept of the re-evolution of proximity arises from the reorganization of economic and commercial retail businesses. Reorganization in economic activities (whether physiological or pathological) is naturally connected with the change in consumption, to the natural evolution of the organization in economic activities, and to the constant search for new markets. The economic crisis of recent years has increased the significance of the “process of change” and has helped to generate a propensity towards continuous innovation in both large-scale distribution and traditional retail.

The processes of change highlighted here have induced large retailers to strategically innovative actions, while traditional retail remains unable to define actions for development because of the limited capacity of developing entrepreneurial networks, of internalizing advanced management models, of managing generational transitions, and of collaborating with Public Administrations.

### **Theoretical Framework**

From the study of the reference literature, there emerge four currents, relating innovative retailers with changes in consumption, management and organization development, and the search for new markets; the last framework is the theme of proximity.

#### **The Relationship Between Retail Business Innovation and Changes in Consumption**

The literature is full of contributions that relate the innovation of retail businesses to changes in consumption, and which over time have analyzed various aspects that determine development, management, and the reinterpretation of strategies.

Authors have studied the relationship between the development of retail businesses and urban development (Guy, 1998), demographic population processes and the definition of new lifestyles (Cova & Roncaglio, 1999), and the quest for product and service quality and store atmospheres (Firat & Venkatesh, 1995).

If the retail trade of general consumption products is to maintain profitability, especially in Europe, it will need to meet the growing demand for unplanned purchases, to adopt new strategies of differentiation and specialization, to develop the shopping experience in line with consumer trends and with changes in the competitive environment, and thus to evaluate those opportunities that are related to the choice of retail format (González-Benito, Muñoz-Gallego, & Kopalle, 2005).

Currently all formats show their vulnerability in a context characterized by a severe economic crisis: The decreasing importance of planned purchases will encourage the growth of local grocery stores, which only a few years ago were the prerogative of small independent retailers, and which now appear to be a strategic option for well-known brands that can recover and increase value where smaller retailers suffer and succumb (Basker, 2005). Some authors have considered trends in consumption and customer satisfaction in food retailing (Juhl, Kristensen, & Ostergaard, 2002), and their preferences and service needs (Gomez, McLaughlin,

& Wittink, 2004).

The modernization of distribution systems arises from the consumer structure and the consumption models that have brought about the evolution of commercial services and the demand for goods (Pastore, Pellegrini, & Ravazzoni, 2001); the economic crisis plays a role here in the re-evolution of the organization of large-scale distribution (Fornari, 2009a, 2009b; Lugli, 2009) that is visible in three organizational areas: trade marketing reports, the quali-quantitative development of the distribution network, and the new arrangement of retail mix levers.

The strategies that commercial enterprises are adopting in response to the change in consumption include location choices—which can be especially profitable in times of recession because they involve the ability to retain customers through personalized service—local community identity and social cohesion, place-management integrated models (Coca-Stefaniak, Parker, Quin, Rinaldi, & Byrom, 2009), and the expansion of offered services to include those often distant from the core business (Pepe, 2006), for example, the offering of financial services can be an opportunity for retailers to improve margins, increase sales, and build a durable relationship with consumers.

The different reactions of the retailers to crisis show that a situation of extreme uncertainty can trigger the search for value in different activities and marketing efforts, adapting business model to the new needs of consumers through an internal flexibility and the propensity to constantly adjust the management of service provision.

### **The Relationship Between Retail Innovation, Management, and Organization Development**

Considering the high competitiveness seen in commercial enterprises (Covin & Slevin, 1989) and the strength of small retailers, large retailers adjust their offer mainly through reductions in the offered ranges and changes of format (Sansone, 2004): Dynamism, richness, and flexibility of products and services (Pepe & Musso, 2009) are pursued with an intense rate of innovation, a more articulate policy of own-label products, and a greater involvement of the local context.

The influence of these variables has meant that large retailers would be obliged to act as a partner capable of expressing a strong leadership throughout the supply channel (Raff & Schmitt, 2009), and that the community would assign to its functions of various kinds, from inflation control to the quality assurance of products to (in local areas) the creation of employment opportunities and urban and territorial development plans (Pulina, 2010).

In fact, over time, commercial enterprises have taken on a significant importance for both producers and consumers because of the strong bargaining power that they bring to bear on large producers, which arises from the deep knowledge that retailers have about their shoppers: This has led to the distinction of three areas of marketing:

- Consumer marketing;
- Trade marketing;
- Retail marketing.

In the last year, retailers have developed autonomous marketing strategies (in retail marketing) that have final consumers as the target and private tools as the form of category management that can positively influence product prices, revenues, and sales (Dhar, Hoch, & Kumar, 2001). Today, own labels are synonymous with quality, and are not only a convenient alternative to the leading industrial brands.

Focusing on retail marketing, it is possible to understand how, over the years, the need arose for retailers to develop marketing strategies independent of those of their suppliers and producers, oriented to final consumers and obtained through their instruments, such as category management—which has positive effects on the prices of products, profits, and sales quotas (Dhar et al., 2001)—and the own labels that today identify the retailer as a guarantor of the quality of offered products, and not just of their convenience as compared to the leading brands.

### **The Relationship Between Retail Innovation and Research for New Markets**

Some research reported in the literature has focused on the relationship between the innovation of commercial enterprises and research into new market segments, analyzing the topic with reference to the role of regulation in the development of retail market performance (Bertrand & Kramarz, 2002), or on the relevance of new formats and concepts in the identification of new markets (Griffith & Harmgart, 2008), to the improvement of offered services or to the organizational, interpersonal, and managerial way in general; in the process of identifying new market opportunities for the retail, some authors have analyzed the coverage of core urban areas (Ferrucci, 2005) and the search for new strategic business areas through internationalization (Sousa & Bradley, 2008).

The high rate of innovation, spurred by high competitiveness among industrial firms (Covin & Slevin, 1989), leads commercial enterprises to re-envision their positioning and to change their offering through their oversight of central areas, causing them to automatically search for new sources of revenue through mastery of new market segments such as tourists who are interested in visiting the attractions of historical centers, and the pursuit of profit through internationalization.

### **Contributions to the Concept of Proximity**

The concept of proximity has been interpreted from different perspectives in the literature: In particular, in studies related to the expansive effects of large-scale distribution, many authors have used the concept of proximity as the basis of a comparison with the distribution forms and formulas offered by large shopping centers in the suburbs of large cities. These have shown that consumers, in the process of looking for value maximization, are willing to visit a more distant store if it offers better opportunities, in terms of convenience or entertainment.

The prevalence of outshopping has been attributed to a dissatisfaction with the range of goods offered by local retailers (Riecken & Yavas, 1988), and the tendency for consumers to be attracted to large retail outlets has inevitably resulted in the loss of local custom (Marjanen, 2000). The decision of buyers to visit stores further away from the traditional neighborhood shop is determined by four key variables: high income, youth (Miller, Schofield-Tomschin, & Kim, 1998), a high level of education (Sullivan & Savitt, 1997), and the inadequacy of local commercial facilities (Samli, Riecken, & Yavas, 1983).

The international literature has analyzed the concept of proximity from a number of points of view: in the context of commercial enterprises; in terms of the geographical location of neighborhood shops; in complex logistic areas (rural areas) whose main difficulty is the impact of outshopping (Broadbridge & Calderwood, 2002); regarding the logistical and procurement problems of small independent shops; considering the financial problems specific to small-scale retail, and regarding weaknesses in management of small retailers (Smith & Sparks, 2000). At the same time, many authors have analyzed the availability of strategic opportunities for small retailers in these areas (Byrom et al., 2001, 2003).

The general tendency of decline among small independent retailers has been documented by researchers in the UK (Baron, Harris, Leaver, & Oldfield, 2001), Spain (Parker, Yuste-Gimenez, Coca-Stefaniak, & Byrom,

2007) and across the EU (Sørensen, 2004).

In contrast to the tendency of many authors to consider this type of retail business to be in decline, there is growing evidence of the positive effects of small independent retailers in residential areas and in the streets of the city centers. In fact, this may have a positive influence on community cohesion (Coca-Stefaniak, Parker, Barbany, Garrell, & Segovia, 2005), on neighborhood positioning (Rex & Blair, 2003), on the diversity of choice for consumers (O'Reilly & Haines, 2004), and on the liveliness of urban centers.

In a more global context, D'Andrea, Lopez-Aleman, and Stengel (2006) analyzed the concept of proximity, talking about the “emotional closeness” between client and store, expressed as a form of competitive advantage for the small independent retailer. Miller and Kean (1998) have placed particular emphasis on the factors that affect the competitiveness of small independent retailers, finding that this is strongly linked to the level of service offered to customers and to the high degree of personal interaction.

### **Analysis Models, Research Hypotheses, and Limitations**

Four lines of study have emerged from the literature, concerning:

- (1) The relationship between innovation research in retail businesses and changes in consumption;
- (2) The relationship between innovation research in retail businesses and management and organization development;
- (3) The relationship between innovation research in retail businesses and the seeking of new markets;
- (4) Contributions to the concept of “proximity”.

From analysis of these studies, we developed the following hypotheses to be tested:

Hp1: The global economic crisis increases the need for innovation and reduces the time for enterprises to adapt.

Hp2: Changes in consumption, management, organizational development, and research into new markets define a new concept of proximity characterized by independent and large-scale distribution.

Hp3: Specific characteristics have emerged that retailers must possess of they are to survive in the “new proximity”.

### **Global Crisis and Proximity**

The global crisis has been a difficult time for the Italian and European markets, in terms of falling income levels, loss of employment, reduction in consumption, and the consequent immediate decrease in sales from businesses, which manage complex environments and have a need to organize themselves despite the turbulence and chaos (Kotler & Caslione, 2009).

Both negative and positive perspectives come out of the analysis of the crisis; on this account, Sifneos (1967) speaks of crisis as the “escalation or worsening of a painful condition, a turning point for the better or for the worse”. The negative outlook relates to business failure, while the positive instead identifies the crisis as a carrier of incentives for businesses and individuals, creating complex situations but often incentivizing the development of skills within the company.

In times of crisis, decreased demand leads to a necessary change in consumer trends, particularly in the food sector.<sup>1</sup> A strong critical factor like an economic or financial crisis makes it necessary for companies to

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<sup>1</sup> During the presentation of the 2012 budget of the Italian Food Industry and the assessment of the prospects for 2013, the Federalimentare presented data related to grocery shopping in 2012, showing a decrease of 3%, which corresponds to approximately seven billion euro, thus showing how the food industry pays a high price in the protracted crisis.

redefine their financial, communication, and social goals so as to stimulate trade in the new environment. A crisis in the economy involves an immediate loss of confidence and purchasing power of consumers, who react by:

- Seeking promotions with the aim of saving;
- Increasing the time spent on shopping, including reading more information on prices and products;
- Reducing food waste<sup>2</sup>.

CERMES<sup>3</sup> has identified five paradigms that characterize the consumer behavior of Italians in a period of economic recession:

- (1) Concern;
- (2) Rationality: The consumer at this time is more rational and tends to waste less;
- (3) Value for money;<sup>4</sup>
- (4) Polarization: The consumer tends to be very price sensitive;
- (5) Emancipation: The consumer has less prejudice against the brand, and is also less loyal to the brand.

The sudden developments in consumer behavior have resulted in many difficulties within commercial distribution, which struggles to adapt its format and concept sales to the new customer needs.

According to an Istat analysis conducted in December 2012, the ratio of sales to distributive formulas in Italy shows, compared to December 2011, a decrease in both large-scale (-2.0%) and small retailers (-5.3%). In large-scale distribution, sales showed a negative trend for both food products (-0.8%) and nonfood products (-2.6%). Even among small retailers, there was a decrease in both sales of food products (-5.5%) and nonfood products (-5.2%).

The need for convenience and the need to reduce the total price of daily shopping have led retailers to offer some products at very low prices (partly represented by own-label products and partly by low-price category brands). Consumers, in terms of the discount offers, may thus prefer supermarkets, where they can find low prices.

The data and literature described here verify Hp1: The global economic crisis increases the need for innovation and reduces the time available for the adaptation of enterprises.

### **The New Concept of Proximity**

In this part of the work, results from the literature are integrated with market data and business practices in order to test Hp2: The changes in consumption, management, organizational development and research into new markets define a new concept of proximity characterized by independent trade and large-scale distribution.<sup>5</sup>

### **The Crisis of Town-Center Retailing and the Development of the Extra Urban Shopping Center**

In Europe, the development of Large-Scale Distribution (LSD) and the consequent reduction in retail

<sup>2</sup> According to Coldiretti, in 2011, 59% more Italians than in 2010 sought out promotions and 57% more Italians reduced food waste because of the crisis. According to a Nielsen study, the percentage of sales promotion, in quantity, was 27.4% in supermarkets and 32.5% in hypermarkets in November 2011.

<sup>3</sup> CERMES, Centro di Ricerca su Marketing e Servizi dell'Università Bocconi di Milano, corso "Essere Franciacorta" novembre 2011.

<sup>4</sup> Consumers rationalize and select, but are still willing to pay high prices if they are justified by high perceived value.

<sup>5</sup> In this work to identify the new concept of proximity, the consideration of e-commerce as element for satisfying the needs of consumer is excluded because of the many differences at both tangible and intangible levels between neighborhood shops and advanced e-commerce sites.

competitiveness in the urban center dates back to the early nineties; retailers' performance was certainly influenced by competitiveness between enterprises (Stigler, 1950) and by the regulation and liberalization of retailing (Bertrand & Kramarz, 2002). The evolution of the sector, the constant development of large-scale distribution, and the importance of integrated commercial offers (service, customer care, affordable prices, and convenient payment system) have allowed large-offering platforms in the outskirts of cities to be devised. Such projects begin with a proposal for competitive prices to achieve "distribution polymorphism" based on entertainment, on the qualified offer, and on the improvement of accessibility to dealers in shopping centers. These strategies have brought consumers to choose more accessible and more advantageous distribution supplies.

At the same time, in central urban areas, independent retailers have lost market share because of the decreases in customer flow, with important consequences for urban areas. In this sense, European urban areas have seen higher levels of crime, inadequate service management, blighted urban infrastructure, and a diffidence to local authorities. Trade in the city is constantly revisited, even if many changes are often imperceptible. The opening and closing of new stores sometimes go unheeded, but there are constant changes in the architecture of urban space: These changes in streets, squares, and urban areas are the work of inhabitants, investors, governance, and businesses.

Evans (1997) has stated that retail is the most important and dynamic activity of urban centers because shopping is the reason why people go to the city. Rereading this trend according to a new perspective, it is possible to verify that consumers are more careful and more aware (Bergadaà 1990), but at the same time seek an experience that involves the emotional sphere through the construction of strong relationships founded on the sharing of culture and retail tradition that are present in a place.

### **Becoming in Consumption and Retail**

In recent years, there has been an inversion of the trend in consumption and retail: Its causes are market globalization, the multiplication of trade, the increase in consumption, and the intensification of opportunities to diffuse information globally. Economic difficulties induce populations to return to more reassuring and protective places—for example, cities. Entertainment and economic convenience are replaced by aware and rational methods of consumption, and consumers prefer to make purchases in traditional retailers or near the place of residence. In the process of this supply-and-demand revolution, large distribution creates new formats and concepts.

The proximity concept is the closest solution to the preference of consumers, and it is becoming a market space to control by LSDs, which, in this way, can integrate managerial and range capability into the format of neighborhood retailers. In this case, independents have the opportunity to exploit their dynamism and local adaptability by virtue of their knowledge of the local market, which can be a huge source of competitive advantage over the competitor (Megicks, 2001).

New neighborhood stores do not only have to answer to the wishes of consumers who want to shop near their homes, but must also satisfy needs through a new offer with high content of services (catering, delivery, and complementary services) and through greater flexibility of the components, according to a new trend of purchase. The proposal of new formats could be a successful solution for enterprises of large-scale distribution, which increasingly tend to invest in proximity retailers with wide content of services, leaving behind the old business model based on big sale spaces and broad assortments, and reforming it into a new format based on

new trends of consumption, including own labels.

By virtue of this process of change, retailers need to engage with new demand factors:

- More attention to quality/price ratio;
- A new approach to food, with a return to conviviality and the pleasure of spending time at the table;
- The tendency to buy local produce and to address direct sales channels;
- The ethics and sustainability of consumption choices;
- Awareness and health<sup>6</sup>.

### **The Rescue of Proximity in the City and LSD Projects: Some Cases**

In the European experience, there are different cases that underline the interest of LSDs in investing in the proximity format and for intervening in support of independent retailers in the doldrums. The urban center is a source of interest for consumers, and thus also for enterprises who are seeking new spaces and new occasions for relational development between consumers and the store; this relationship is a positive factor in local economic development (Ferrucci, 2005).

The proximity symbol DiperDi, owned by Carrefour, became Carrefour Express: The apposition of the new symbol in the category of superette has allowed DiperDi retailers to continue their activity, maintaining the same format (that of proximity store) while amplifying their positioning through the Carrefour brand (Retrieved from <http://www.carrefour.it>); Auchan, in France, has launched new proximity retail format called “A2pas”, a project which will have as its core business fresh food and brand products, and which will also establish partnerships with independent operators that will use the “A2pas” brand through franchising contracts. In 2010, Conad launched a proximity store called Saponi&Dintorni in Florence—an innovative store that, for the first time in Italy, transforms an own label into a sign. Conad’s Saponi&Dintorni is a new format with local produce that is selected and guaranteed by the symbol. In store, it is also possible to receive information about cultural events planned in the city and to purchase museum tickets (Retrieved from <http://www.conad.it>).

Some retailers have also developed other services that are sometimes very distant from their core businesses<sup>7</sup> (Pepe, 2006), and sometimes less so: for example, the insertion of a catering service into the “Fior Fiore Coop”—a temporary store that carries out catering activity using the Coop brand name. Large-scale distribution in Italy is interested in looking for new sources of profitability, and in addressing new market segments through the proximity format, because of the crisis of the hypermarket (Lugli, 2009; Fornari, 2009a)—a format characterized by price convenience—and because of the development of smaller sizes characterized by a higher level of sociability and contact between consumer and retail.

### **The New Concept of Proximity: Features**

The literature and the studies of the evolutionary process of retail define the features of the “new proximity”, verifying our Hp2. In general, the concept of “proximity” is identified in different ways depending on the observing subject who establishes the boundaries of this concept. It is characterized by excellent service elements and by the social role that it represents in urban areas. The features of new proximity—specialized distribution, high service levels, high quality of both products and services, flexibility and continuous improvement of management, and public-private cooperation all define the importance, for retail, of recovering

<sup>6</sup> Source: Ismea, 9 maggio 2012.

<sup>7</sup> In 2011, Coop developed the CoopCiConto banking and insurance service, providing insurance for cars, home loans, current accounts, and personal loans. Coop offers insurance policies and financial and banking products reserved to partners of Coop Adriatica for the most important needs related to individuals, housing, and saving.

the central urban areas.

## Results

This paper aims to underline the existence of a process that redefines the concept of proximity through different forces that interact in the place of urban trade, reacting to the incentives of the market and bringing forward trends.

The “new proximity” takes particular characteristics of supply and demand that influence each other in the reference market: Because of the growing interest of large-scale distribution in proximity markets, the level of competition in urban areas is very high and the market is reduced for unevolved, nonintegrated retailers. The independents need to find a solution to develop and adjust, as large-scale distribution is specializing in proximity retail supply. Based on these characteristics of the new proximity, it is possible to identify the management profile of independents and large-scale distribution (see Table 1).

Table 1

### *Management Profile in Independent Retailers and Large-Scale Distribution*

Large-scale distribution	Independent
Constant attention to changes in consumption methods and types	Constant attention to changes in consumption methods and types
Investment in research and development	Continuous specialization in controlled distribution sector
Development of store loyalty	Consolidation of independent brand and attention to generation change
Continuous training of employees	Continuous development of managerial capability, and also of “senior” figures internal to the enterprise
Strengthening partnerships with local producers near the distribution area	Strengthening partnerships with retailers in the same sector (while maintaining independence) and the development of integrated actions and network projects
Financial participation in sociocultural initiatives and the creation of public works	Value of belonging to the place and integration with local government
Investment mainly reserved to value own labels as an economic activity near local residents	Continuous investment in the development of direct and trustful relationships with consumer
Investment in marketing and communication	Investment in marketing and communication

Note. Source: author’s work.

## Implications

The proximity projects of large-scale distribution have been functioning for several years, first in the rest of Europe and then in Italy, to the satisfaction of the consumer both in terms of improved product and service supply and for the active redevelopment of urban areas that were otherwise depressed.

In many Italian and European urban areas, space investments are still being made by large scale retailers. These activities contribute to urban requalification and stimulate local authorities to propose new business models and new services to meet the needs of consumers and offering qualified proximity. City-center improvements could arise from large-scale retailing investments; in this way, large-scale retailing could develop new formats and concepts in the neighborhood retail segment, replacing the small independent retailers, restarting neighborhood retailers and the economy of the city center by identifying a “new era of neighborhood retailers”.

In many Italian and European urban areas, there is space for the investment of large-scale distribution. These activities contribute to the process of urban redevelopment, encourage public administration to propose

new business models and new services to consumer, and satisfy the needs of proximity with a qualified supply.

Through the acquisition of new skills—managerial flexibility and brand extension—and through investment in the proximity format, not only with the convenience and savings concept, but especially with the concept of the shopping experience, the insignia of large-scale distribution will give added value to the format, and consequently a return in terms of commercial competitiveness—not to mention also cultural and social competitiveness.

Regarding independent retailers, the proximity scenario is complex: In fact, the situation of European neighborhood shops is common in all cities and, except for some special cases, independent shops are suffering from the economic crisis and the organizational and managerial gap, in comparison with large-scale distribution retail. In an economy hit by crisis, there are situations that interest several stakeholders and that propose opportunities and new markets for organized and economically relevant enterprises.

The future for independents is characterized by at least four relevant alternatives:

- The strengthening of opportunities for the recovery of financial resources and the improvement of managerial skill;
- Affiliation to franchising chains;
- Adhesion to strategic projects of urban area redevelopment in which they are inserted;
- Integration into a large-scale distribution project.

Certainly, the individual and independent work of economic activities has the possibility of success when they are referred to a niche business, or where the activity is handcrafted and based on skill and the distinctive competence of an artisan or other subject employed in independent retail. Hyperspecialized economic activities are affected in a lesser way by the principal problems that, on the international level, have interested the reorganization of large-scale distribution: niche business succeeds often in keeping the market segment overseen.

In this scenario of proximity re-evolution, an important role is played by urban areas characterized by investment and disinvestment.

Many old town centers and urban areas are suffering the “economic crisis” because of residential depopulation, suspension of commercial and service activities, and a lack of strategies and capital for investing in development.

The ability to produce change in recent years has been given to large groups of investment, large companies, and enterprises aggregations (consortia, cooperatives, investment funds, and banking groups) which can develop incisive projects of requalification, sometimes proposing innovations to the market, and other times recognizing the needs of consumers (or bringing them forward) and suggesting solutions. The global economic difficulties are pushing stronger companies to invest in town centers and to propose new models of proximity and estate planning to a population that is communicating their need to have assistance and services near to home.

The crisis has activated a rapprochement between people, redefining the rules of proximity: All this is taking place in conjunction with the unexpected revenge of physical locations and place. It is more and more oriented to regaining competitiveness through the development of elements that strongly belong to places, and so also through the revitalization of urban trade. This trend weakens the featureless logic of large unspecialized sale spaces and strengthens the format of small neighborhood supermarkets, reinterpreting and requalifying them with a new composition of the marketing mix and with a flexible supply adapted to the emergent needs of

consumers.<sup>8</sup>

Considering the current market, a future scenario could develop characterized by a food and nonfood large-scale distribution capable of taking a large market share compared with the production of prosperity of the urban area. The rest of the market share could be divided between niche retailers, franchising, and independent retailers with low quality supplies.

Smaller residential areas could represent a more important problem in terms of development, because the incentive for large-scale distribution could not be incisive; in this case, the municipal administration should intervene with ad hoc development projects that stimulate the domestic economy and attract external investment. Unfortunately, government is often not successful in its managerial and operative approach, leaving the development in the hands of private initiative that is sometimes unable to operate. In this context, enterprises can hardly develop incisive projects at a place, not only because of the lack of ability but, especially, because of the lack of time and resources; in the case of trade, the unwillingness to aggregate and the distrust on the part of economic operators towards public administrations have generated a slowdown in the growth of managerial skills of small retailer, which fails in regaining competitiveness. Consumption revolutions and the proposals of development brought by large-scale distribution must encourage retailers to question themselves about the future: Macroeconomic difficulties and the natural process of evolution and revolution of consumption should bring about the incentive to recover capability, so it is crucial to give consumers what they need and to propose new ideas.

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<sup>8</sup> Source: FutureConceptLab, marzo 2013.

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